

IV. PRIOR YEAR MANDATE DEFICIENCIES

On May 4, 2004, the SCO requested additional funds in the amount of \$1,731,492,609 (\$1,000,204,578 for local agencies, \$682,152,348 for school districts, and \$49,135,683 for community colleges) because of an overall appropriation deficiency. This request was denied by the Department of Finance. (Appendix B)

The SCO reported, "The mandate program funding deficiencies are the result of deferred funding for new claims received during the 2002-2003, 2003-2004 fiscal years and prior years' insufficient appropriations. These new claims include 2001-2002 late claims, 2002-2003 actual cost claims and 2003-2004 estimated claims that are in excess of available appropriation balances." (Appendix C)

If funds are not appropriated for this request in the Budget Act, the Commission is required to include the deficiency in its report to the Legislature so that it is included in the next local government claims bills or other appropriation bills.¹¹

Adoption of the 2004 Budget was delayed while the Legislature and the Administration addressed the complex state-local fiscal relationships. Although the budget did not appropriate funds to address the total appropriation deficiency reported by the SCO, the following significant actions were taken through the Budget Act of 2004, trailer bills, and proposed constitutional amendment:

- The Education Budget Trailer Bill appropriated \$58,396,000 to the Controller to pay for prior year state obligations for education mandate claims and interest, as specified;
- The Budget Act of 2004:
 - deferred thirty-nine education mandates;
 - suspended five education mandates;
 - appropriated \$13.9 million to the Controller to reimburse cities, counties, and city and county for the *Animal Adoption* program (\$13.9 million);
 - appropriated \$69 million to reimburse counties for the *Handicapped and Disabled Students* program; and,
 - deferred or suspended all other local agency mandates.
- The Local Government Finance Trailer Bill codified a commitment to pay local agencies what is owed for mandate reimbursements. Senate Bill 1096 added section 17617 to the Government Code. This section states:

The total amount due to each city, county, city and county, and special district, for which the state has determined, as of June 30, 2005, that reimbursement is required under Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than five years, commencing with the Budget Act of 2006-07 fiscal year and concluding with the Budget Act for the 2011-12 fiscal year.

¹¹ Government Code section 17567.

- The Legislature approved Senate Constitutional Amendment 4, as Proposition 1A, to be presented to the voters on the November 2004 ballot. According to Legislative Analyst,
 - The measure amends the State Constitution to require the state to suspend certain state laws creating mandates in any year that the state does not fully reimburse local governments for their costs to comply with the mandates. Specifically, beginning July 1, 2005, the measure requires the state to either fully fund each mandate affecting cities, counties, and special districts or suspend the mandate's requirements for the fiscal year. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.
 - The measure also appears to expand the circumstances under which the state would be responsible for reimbursing cities, counties, and special districts for carrying out new state requirements. Specifically, the measure defines as a mandate state actions that transfer to local governments financial responsibility for a required program for which the state previously had complete or partial financial responsibility. Under current law, some such transfers of financial responsibilities may not be considered a state mandate.

APPENDICES

APPENDIX A

New Mandates: Reimbursable Activities Detail

STATEWIDE COST ESTIMATE

Statutes 1999, Chapter 18
Elections Code Sections 15151 and 15375
Presidential Primaries 2000 (99-TC-04)
County of Tuolumne, Claimant

Background and Summary of the Claim

Elections Code sections 15151 and 15375 were amended to ensure that California's presidential primary delegates would be recognized at the national party conventions in the year 2000. The test claim legislation requires local election officials to transmit both semi-final and final election results for presidential primaries in two separate tallies to the Secretary of State: first, the total number of votes each candidate received; and second, the number of votes each candidate received from registered voters of each political party and from the "declines-to-state" voters.

The claimant filed the test claim on October 25, 1999. The Commission on State Mandates (Commission) adopted the Statement of Decision on October 25, 2001, and the parameters and guidelines on February 27, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by September 3, 2003. The Commission adopted a statewide cost estimate of \$1,167,736 for this program on March 25, 2004.

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

A. One-Time Activities

1. Research and Develop General Approach for Converting Voting Process

Meet with the Secretary of State to identify the methods, and develop the general approach for implementing the new election reporting requirements. Develop a specific plan and schedule for implementing the new primary election reporting process.

2. Develop or Modify Election Equipment and Software and Test

Obtain, develop, or contract for the modification of election systems and equipment to accommodate the one vote, two-count election system. Includes any automated system programming or reprogramming, and related costs, including testing of the ballot counting program.

3. Develop and Conduct Special Training Program (One-time per employee)

Develop and conduct a revised training program for regular and temporary election staff to carry out the changes necessary to implement the reporting requirements of the test claim legislation.

B. Ongoing Activities¹

1) Additional Election Ballot and Election Materials Costs

Additional costs, necessary to purchase or develop the special regular and absentee ballots and election materials to meet the requirements of the state-mandated election duties specified in Statutes 1999, chapter 18. Includes the development by elections officials of the procedures and mechanisms necessary to enable a tabulation of the ballots separately and by presidential candidate, and the additional necessary cost to design and print ballots necessary to submit the information required for the semi-final and final election results.

2) Secretary of State Test

Test the computer software and process until approved by the Secretary of State for utilization in the election. Only tests approved by the Secretary of State shall be reimbursable.

3) Ballot Tabulation

Count primary votes both by the presidential candidate and by party affiliation, which exceeds the prior single count process, including the additional staff time to count and inspect ballots, canvassing after the election, and the additional computer run time for election results.

4) Preparation and Submission of Statement of the Vote

- a. Prepare and submit semi-final primary election results, including the cost to determine and report the number of votes each candidate received from registered voters of each political party and from the "declines-to-state" voters at intervals not greater than two hours.
- b. Prepare and submit final primary election results, including the additional costs to prepare and submit the final election results to the Secretary of State in accordance with its procedures.
- c. Prepare and submit to the Secretary of State the doubling of the Statement of Vote.

The parameters and guidelines for the *Presidential Primaries 2000* program also allow reimbursement for the direct costs of the salaries and benefits of each employee implementing the program; materials and supplies; contracted services; and any costs for travel and training necessary to implement the program. The cost of fixed assets and equipment, including computers, is also eligible for reimbursement, but only the pro rata portion of the purchase price used to implement the *Presidential Primaries 2000* program may be reimbursed.

To the extent that any of the aforementioned costs are presently recouped through *Absentee Ballots* (Stats. 1978, ch. 77), such costs cannot be claimed under the *Presidential Primaries 2000* program.

¹ The one-time and on-going activities are eligible for reimbursement only for the 2000 Presidential Primary Election.

Statewide Cost Estimate

Assumptions

The statewide cost estimate is based on the following assumptions:

- 1) The statewide cost estimate is based on unaudited claims filed by 34 of the state's 58 counties.²
- 2) The actual amount claimed may increase if late or amended claims are filed.
- 3) The claims may be excessive. Some counties may have filed for reimbursement for fixed assets that are being used for purposes other than implementing this mandate. For example, it appears that Humboldt County claimed \$273,760 for establishing a new tabulation system that not only allows the county to tabulate the votes twice for the 2000 Presidential Primary Election, but also updates the county's tabulation system for all elections.
- 4) Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable.

Methodology

The statewide cost estimate was developed using actual reimbursement claims filed by 34 claimants. The summary claims data provided by the SCO for fiscal years 1999-2000, 2000-2001, and 2001-2002 and the actual reimbursement claims were reviewed to study claiming data and possible trends.

Since this program was only required for the 2000 Presidential Primary Election, costs (\$167,257) claimed for fiscal years 2000-2001 and 2001-2002 were not included in the statewide cost estimate.

Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1999-2000	34	\$1,167,736
Total		\$1,167,736

² Claims data reported by the SCO as of February 10, 2004.

STATEWIDE COST ESTIMATE

Statutes 1996, Chapter 1170
Statutes 1997, Chapter 443
Statutes 1998, Chapter 230
Penal Code Sections 914, 933, 933.05, and 938.4

Grand Jury Proceedings (98-TC-27)

County of San Bernardino, Claimant

Background and Summary of the Mandate

Statutes 1996, chapter 1170, Statutes 1997, chapter 443, and Statutes 1998, chapter 230 added or amended Penal Code sections 914, 933, 933.05, and 938.4 to revise grand jury operations. On June 27, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state-mandated program upon local governments within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514.

The claimant filed the test claim on June 30, 1999. The Commission adopted the Statement of Decision on June 27, 2002, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004.

Discussion

Staff reviewed the claims data submitted by the claimants and compiled by the SCO.

The Commission approved the following reimbursable activities for this program:

A. One-Time County Activities

1. Developing policies and procedures for the activities listed in section IV. of these parameters and guidelines. (*Reimbursement period begins July 1, 1997.*)
2. Developing a training program for grand jurors that consider or take action on civil matters. As required by the court, reimbursement is limited to training for report writing, interviews, and grand jury's scope of responsibility and statutory authority. Costs to the county for the court to meet with the district attorney, county counsel, and at least one former grand juror to consult regarding grand jury training are reimbursable. (Pen. Code, § 914, subd. (b)). (*Reimbursement period begins January 1, 1998.*)

B. On-Going County Activities

1. Training each grand jury that considers or takes action on civil matters, as outlined in section IV. A. above (Pen. Code, § 914, subd. (b)). (*Reimbursement period begins January 1, 1998.*)

2. Grand jury meeting(s) with the subjects(s) of the grand jury's investigation(s) regarding the investigation.¹ Grand jury participation in the meeting(s) is reimbursable (Pen. Code, § 933.05, subd. (e)). (*Reimbursement period begins January 1, 1998.*)
3. Providing a suitable meeting room and providing support to the grand jury as the superior court determines is necessary (Pen. Code, § 938.4). See sections V. A3 and A4 for claiming the pro rata share of the meeting room cost if it is used for other purposes. (*Reimbursement period begins January 1, 1998.*)
4. The county clerk submitting a copy of the grand jury report and responses from the person or entity that is the subject of the grand jury report to the State Archivist. This includes the cost of duplication, mailing, or other form of transmittal (Pen. Code, § 933, subd. (b)). (*Reimbursement period begins January 1, 1999.*)

C. On-Going Local Agency or School District Activities² (*Reimbursement period begins July 1, 1997.*)

1. Preparing a response to each grand jury finding including those involving fiscal matters. The responding person or entity shall include one of the following into the response for each finding:
 - a. The respondent agrees with the finding.
 - b. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.
2. Preparing a response to each grand jury recommendation in which the responding person or entity shall report one of the following actions for each recommendation:
 - a. The recommendation has been implemented, with a summary regarding the implemented action.
 - b. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
 - c. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report regarding the grand jury finding.
 - d. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore. (Pen. Code, § 933.05, subd. (a) and (b).)

¹ During an investigation, the grand jury shall meet with the subject of that investigation. (Pen. Code, § 933.05, subd. (e).)

² Any county, city, city and county, special district, joint powers agency, or school or community college district that is responding to a grand jury report.

3. A local agency or school district meeting with the grand jury as the subject of an investigation is reimbursable (Pen. Code, §933.05, subd. (e)). (*Reimbursement period begins January 1, 1998.*)

Statewide Cost Estimate

Recommendations from the Bureau of State Audits

On October 15, 2003, the Bureau of State Audits (BSA) issued an audit report on two mandated programs and the mandates process. The BSA issued one recommendation regarding the development of statewide cost estimates, stating:

To project more accurate statewide cost estimates, the Commission staff should more carefully analyze the completeness of the initial claims data they use to develop the estimates and adjust the estimates accordingly. Additionally, when reporting to the Legislature, the Commission should disclose the incomplete nature of the initial claims data it uses to develop the estimates.

Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of the program and to implement the BSA's recommendation. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on 276 claims; 249 filed by 18 cities, 37 counties, one city and county, and three special districts; and 27 filed by 15 school districts.³
- The actual amount claimed will increase when late or amended claims are filed. Twenty of the 58 counties have not filed any reimbursement claims for this program. Fifteen of the non-filing counties have populations less than 200,000 persons. If reimbursement claims are filed by the remaining five counties: San Diego, Contra Costa, Kern, San Joaquin, and Solano, the amount of reimbursement claims may exceed the statewide cost estimate. For this program, late claims may be filed until February 2005.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

1997-2002 Costs

- Staff reviewed the summary claims data provided by the SCO for fiscal years (FY) 1997-1998 through 2002-2003. Staff then reviewed the reimbursement claims to study claiming data and possible trends. No trends could be identified for this program. Significant variations in costs claimed were found in county reimbursement claims.
- The proposed statewide cost estimate for FY 1997-1998 through 2002-2003 is based on the 276 unaudited, actual reimbursement claims.

³ Claims data reported by the SCO as of March 19, 2004.

2003-2005 Projected Costs

- Staff projected totals for FY 2003-2004 by multiplying the FY 2002-2003 claim total filed by claimants with the SCO by the implicit price deflator for 2002-2003 (2.3%), as forecast by the Department of Finance. Staff projected totals for FY 2004-2005 by multiplying the FY 2002-2003 claims total by the implicit price deflator for 2003-2004 (2.9%).

The proposed statewide cost estimate includes eight fiscal years for a total of \$12,624,069. Of this amount, \$12,508,570 is for local agencies and \$115,499 is for school districts. This averages to \$1,578,009 annually in costs for the state.

Following is a breakdown of estimated total costs per fiscal year:

Local Agencies		
Fiscal Year	Number of Claims Filed	Amount of Claims Filed
1997-1998	27	\$ 769,743
1998-1999	37	\$1,268,085
1999-2000	42	\$1,419,724
2000-2001	50	\$1,664,916
2001-2002	43	\$1,694,540
2002-2003	50	\$1,864,863
2003-2004 (est.)*	N/A	\$1,907,755
2004-2005 (est.)*	N/A	\$1,918,944
Subtotal	249	\$12,508,570

School Districts		
Fiscal Year	Number of Claims Filed	Amount of Claims Filed
1997-1998	4	\$ 12,832
1998-1999	1	\$ 6,697
1999-2000	2	\$ 2,764
2000-2001	4	\$ 8,959
2001-2002	9	\$ 27,160
2002-2003	7	\$ 18,705
2003-2004 (est.)*	N/A	\$ 19,135
2004-2005 (est.)*	N/A	\$ 19,247
Subtotal	27	\$ 115,499

Total	276	\$12,624,069
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STATEWIDE COST ESTIMATE

Health and Safety Code Section 33672.7
Statutes 1998, Chapter 39

Redevelopment Agencies—Tax Disbursement Reporting (99-TC-06)

County of Los Angeles, Claimant

Summary of the Mandate

Health and Safety Code section 33672.7, as added by Statutes 1998, chapter 39, requires the county auditor to prepare annual tax disbursement statements for community redevelopment agency project areas. Prior law required that the auditor prepare such a statement only upon the request of a redevelopment agency. The enactment of Health and Safety Code section 33672.7 created new reporting requirements in that a statement must now be prepared for every community redevelopment agency project, regardless of whether one was requested.

The claimant filed the test claim on March 3, 2000. The Commission on State Mandates (Commission) adopted the Statement of Decision on October 24, 2002, and the parameters and guidelines on September 25, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by March 26, 2004.

Discussion

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

A. On-Going Activities

1. On or before August 15 of each year, prepare a statement for each project area that provides the amount of disbursement made in the prior fiscal year pursuant to Health and Safety Code section 33670 and the amounts of disbursement made pursuant to Health and Safety Code sections 33401, 33607.5, 33607.7, and 33676.
2. Duplicate and distribute the annual tax disbursement statements for community redevelopment agency project areas.

The Commission specifically found that the following activities were not reimbursable:

- Costs incurred to perform the calculation and disbursement of tax revenues to redevelopment agencies pursuant to Health and Safety Code sections 33401, 33607.5, 33607.7, 33670, and 33676 are not reimbursable.
- Costs incurred to prepare, duplicate, and distribute the statement are not reimbursable if the statement is requested by a redevelopment agency pursuant to Health and Safety Code section 33672.5.

Uniform Cost Allowance

The Commission adopted uniform cost allowances for this program pursuant to Government Code section 17557. Actual costs shall be claimed based on the following uniform allowance per tax disbursement statement as adopted by the Commission. The uniform allowance shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

Table 1. Adopted Uniform Allowances

Fiscal Year	Uniform Allowance
1998-1999	\$ 22.27
1999-2000	\$ 22.72
2000-2001	\$ 23.61
2001-2002	\$ 23.87
2002-2003	\$ 24.40
2003-2004	\$ 24.81

Reimbursement is determined by multiplying the uniform allowance by the number of statements prepared for each project area.

Statewide Cost Estimate

Staff reviewed the claims data submitted by the claimants and compiled by the SCO. The 19 actual claims filed by counties for fiscal years 1998-1999 through 2002-2003¹ are inaccurate and unaudited. The parameters and guidelines adopted by the Commission for this program provides reimbursement for the preparation of a statement for each *project area* that provides the amount of disbursement made. However, the SCO's claiming instructions require counties to claim the number of statements prepared for every community redevelopment agency *project*. This results in a significant difference as there can be multiple projects within the boundaries of a project area. The test claim legislation, Health and Safety Code section 33672.7, specifically requires that a statement be prepared for each project *area* rather than for each project.

Staff notified the SCO regarding this issue. The SCO reports that it will contact claimants to discuss revising the claiming instructions and reducing claims. Therefore, as discussed below, staff did not use the reimbursement claims data to develop the statewide cost estimate.

Staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology, will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- Each fiscal year, a statement was prepared for each redevelopment project area in the county.
- The actual amount claimed may increase if late or amended claims are filed. For this program, late claims may be filed until March 2005. To date, only four of the 58

¹ Claims data reported by the SCO as of May 19, 2004.

counties filed reimbursement claims for this program. However, since this program is reimbursed using a uniform cost allowance of approximately \$21 to \$25 per redevelopment project area, a county would need to have a minimum of 40 redevelopment project areas in order to meet the \$1,000 filing threshold. Most counties cannot meet this threshold.

- Although the County of Riverside has not filed reimbursement claims, it was included in the estimate because it has enough project areas to meet the filing threshold.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

1999 through 2004 Projected Costs

Staff based the statewide cost estimate for fiscal years 1998-1999 through 2003-2004 on the State Controller's *Community Redevelopment Agencies Annual Reports* and the uniform allowances adopted by the Commission. The following table shows the reported number of project areas by fiscal year for the four counties that submitted reimbursement claims and the County of Riverside:

Table 2. Number of Reported Project Areas by County and Fiscal Year

Fiscal Year	Contra Costa	Los Angeles	Orange	San Bernardino	Riverside
1998-1999*	39	215	63	67	83
1999-2000	39	215	63	67	83
2000-2001	30	203	51	67	73
2001-2002	29	194	52	69	65
2002-2003	27	194	51	72	62
2003-2004*	27	194	51	72	62

* The number of project areas is not available for this fiscal year. Therefore, for purposes of this estimate, the numbers directly after or before the fiscal year were used.

The following table shows the resulting reimbursable cost when the number of project areas is multiplied by the adopted uniform cost allowance shown in Table 1:

Table 3. Projected Costs

Fiscal Year	Contra Costa	Los Angeles	Orange	San Bernardino	Riverside
1998-1999	\$ 869	\$ 4,788	\$ 1,403	\$ 1,492	\$ 1,848
1999-2000	\$ 886	\$ 4,885	\$ 1,431	\$ 1,522	\$ 1,886
2000-2001	\$ 708	\$ 4,793	\$ 1,204	\$ 1,582	\$ 1,724
2001-2002	\$ 692	\$ 4,631	\$ 1,241	\$ 1,647	\$ 1,552
2002-2003	\$ 659	\$ 4,734	\$ 1,244	\$ 1,757	\$ 1,513
2003-2004	\$ 670	\$ 4,813	\$ 1,265	\$ 1,786	\$ 1,538

Contra Costa County did not meet the \$1,000 claiming threshold in any fiscal year. Therefore, it was not included in this statewide cost estimate.

Fiscal Year 2004-2005 Projected Costs

For fiscal year 2004-2005, staff projected costs by multiplying the estimated claim total for fiscal year 2002-2003 by the implicit price deflator for 2003-2004 (2.9%), as forecast by the Department of Finance.

The proposed statewide cost estimate includes seven fiscal years for a total of **\$65,300**. This averages to \$9,329 annually in costs for the state.

Following is a breakdown of estimated total costs per fiscal year:

Table 4. Estimated Total Costs per Fiscal Year

Fiscal Year	Claim Totals
1998-1999	\$ 4,743
1999-2000	\$ 10,610
2000-2001	\$ 10,011
2001-2002	\$ 9,763
2002-2003	\$ 9,907
2003-2004	\$ 10,072
2004-2005 (est.)	\$ 10,194
TOTAL	\$ 65,300

ITEM 12
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE

Elections Code Sections 15111, 15321, and 21000

Statutes 1999, Chapter 697

Absentee Ballots: Tabulation by Precinct (00-TC-08)

County of Orange, Claimant

EXECUTIVE SUMMARY

The test claim legislation requires county elections officials, for statewide elections or certain special elections conducted between June 1, 2000, and January 1, 2001, to tabulate, by precinct, votes cast by absentee ballots and votes cast at the polling place. The subject test claim legislation also requires the county elections official to make each precinct's election results available to the Legislature and appropriate legislative committees for use in district apportionment. Finally, the test claim legislation requires the elections official's list of absentee voters to include the voter's election precinct.

The claimant filed the test claim on March 12, 2001. The Commission on State Mandates (Commission) adopted the Statement of Decision on April 24, 2003, and the parameters and guidelines on December 2, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by June 1, 2004.

The SCO provided unaudited claims totals to the Commission on July 9, 2004. Staff reviewed the 18 actual claims filed by counties for fiscal years 1999-2000 through 2002-2003 and determined them to be inaccurate. For instance, the parameters and guidelines adopted by the Commission for this program provide one-time reimbursement for specific administrative duties and election activities, and ongoing activities for certain list modifications. Most of the one-time activities were limited to a one-year period between January 1, 2000, and January 1, 2001. The ballot tabulation activity and transmitting election returns to the Secretary of State are only reimbursable for each election held between June 1, 2000, and January 1, 2001. Some of the administrative duties may have been claimed for multiple fiscal years. In addition, many counties already had a software system implemented to accommodate tabulation of ballots by precinct prior to the reimbursement period for this program. Thus, costs for developing or modifying election equipment and software should be minimal, such that most counties will be unable to meet the \$1,000 filing threshold.

The proposed statewide cost estimate includes six fiscal years for a total of **\$225,767**. This averages to \$37,628 annually in costs for the state. The following table details the breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed	Claim Totals
1999-2000	5	\$ 23,998
2000-2001	9	175,188
2001-2002	2	6,844
2002-2003	2	6,417
2003-2004 (est.)	N/A	6,565
2004-2005 (est.)	N/A	6,755
TOTAL	18	\$ 225,767

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of \$225,767 for costs incurred in complying with the *Absentee Ballots: Tabulation by Precinct* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.

STAFF ANALYSIS

Summary of the Mandate

The test claim legislation requires county elections officials, for statewide elections or certain special elections conducted between June 1, 2000, and January 1, 2001, to tabulate, by precinct, votes cast by absentee ballots and votes cast at the polling place. The subject test claim legislation also requires the county elections official to make each precinct's election results available to the Legislature and appropriate legislative committees for use in district apportionment. Finally, the test claim legislation requires the elections official's list of absentee voters to include the voter's election precinct.

The claimant filed the test claim on March 12, 2001. The Commission adopted the Statement of Decision on April 24, 2003, and the parameters and guidelines on December 2, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by June 1, 2004.

Discussion

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

One-Time Activities

1. Administrative Duties (*Reimbursement Period: January 1, 2000 - January 1, 2001*)
 - a. Research and Develop General Approach for Converting Tabulation Process
Meet with the software vendor to identify the methods, and develop the general approach for tabulating ballots by precinct. Develop a specific plan and schedule for implementing the new ballot tabulation process.
 - b. Develop or Modify Election Equipment and Software and Test
Obtain, develop, or contract for the modification of election systems and equipment to accommodate the tabulation of ballots by precinct. Includes any automated system programming or preprogramming, and the cost of testing the ballot tabulation program.
 - c. Develop and Conduct Special Training Program (one-time per employee)
Develop and conduct a revised training program for regular and temporary election staff to carry out the changes necessary to implement the ballot reporting requirements of the test claim legislation.

One-Time Activities Per Election¹

1. Tabulation By Precinct (Elec. Code, § 15321, subd. (a))
 - a. Additional Election Ballot and Election Materials Activities
(*Reimbursement Period: January 1, 2000 - January 1, 2001*)
Reformat the ballots so that election software will read and tabulate ballots by precinct.

¹ These activities may be reimbursed one time for each election held between June 1, 2000, and January 1, 2001.

b. Ballot Tabulation (*Reimbursement Period: June 1, 2000 - January 1, 2001*)

Tabulate by precinct, which exceeds the prior count by ballot style, those votes cast by absentee ballot and ballots cast at the polling place in statewide elections or special elections to fill a vacant congressional or legislative office for elections conducted between June 1, 2000, and January 1, 2001. The additional staff time to conduct the computer run for election results is reimbursable.

2. Returns Available to the Legislature (Elec. Code, §15321, subd. (b), and Elec. Code, § 21000) (*Reimbursement Period: June 1, 2000 - January 1, 2001*)

- a. Transmitting to the Secretary of State election returns by precinct reflecting the total for all ballots cast, including both absentee ballots and ballots cast at the polling places in statewide elections to fill a vacant congressional or legislative office for elections conducted between June 1, 2000, and January 1, 2001, is eligible for reimbursement.²

Ongoing Activities

1. List Modifications (Elec. Code, § 15111) (*Reimbursement begins January 1, 2000*)

- a. Include the precinct of each voter on the election official's list of voters who has received and voted an absentee ballot.

Statewide Cost Estimate

Staff reviewed the claims data submitted by the claimants and compiled by the SCO. Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of this program. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology, will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on 18 actual claims filed by counties for fiscal years 1999-2000 through 2002-2003.³ However, the claiming data is inaccurate and unaudited. The parameters and guidelines adopted by the Commission for this program provide one-time reimbursement for specific administrative duties and election activities, and ongoing activities for certain list modifications. Most of the one-time activities were limited to a one-year period between January 1, 2000, and January 1, 2001. The ballot tabulation activity and transmitting election returns to the Secretary of State are only reimbursable for each election held between June 1, 2000, and January 1, 2001. Some of the administrative duties may have been claimed for multiple fiscal years.
- The actual amount claimed may increase if late or amended claims are filed. To date, only 12 of the 58 counties filed reimbursement claims for this program. Thus, if reimbursement claims are filed by any of the remaining 46 counties, the amount of reimbursement claims may exceed the statewide cost estimate. For this program, late claims may be filed until June 2005.

² The Secretary of State forwards the vote by precinct data to the appropriate committees of the Legislature.

³ Claims data reported by the SCO as of July 9, 2004.

- Many counties already had a software system implemented to accommodate tabulation of ballots by precinct prior to the reimbursement period for this program. Thus, costs for activity A.1.b. – develop or modify election equipment and software and test – should be minimal. Most counties will not be able to meet the \$1,000 filing threshold.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

1999-2003 Costs

The proposed statewide cost estimate for fiscal years 1999-2000 through 2002-2003 is based on 18 unaudited, actual reimbursement claims.

2003-2005 Projected Costs

Staff projected totals for fiscal year 2003-2004 by multiplying the total on 2002-2003 reimbursement claims by the implicit price deflator for 2002-2003 (2.3%), as forecast by the Department of Finance. Staff projected totals for fiscal year 2004-2005 by multiplying the 2003-2004 projection by the implicit price deflator for 2003-2004 (2.9%).

The proposed statewide cost estimate includes six fiscal years for a total of **\$225,767**. This averages to \$37,628 annually in costs for the state.

Following is a breakdown of estimated total costs per fiscal year:

Table 1. Estimated Total Costs per Fiscal Year

Fiscal Year	Number of Claims Filed	Claim Totals
1999-2000	5	\$ 23,998
2000-2001	9	175,188
2001-2002	2	6,844
2002-2003	2	6,417
2003-2004 (est.)	N/A	6,565
2004-2005 (est.)	N/A	6,755
TOTAL	18	\$ 225,767

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of \$225,767 for costs incurred in complying with the *Absentee Ballots: Tabulation by Precinct* program.

STATEWIDE COST ESTIMATE

Education Code Section 48216
Health and Safety Code Sections 120325, 120335, 120340, and 120375

Statutes 1978, Chapter 325
Statutes 1979, Chapter 435
Statutes 1982, Chapter 472
Statutes 1991, Chapter 984
Statutes 1992, Chapter 1300
Statutes 1994, Chapter 1172
Statutes 1995, Chapters 291 and 415
Statutes 1996, Chapter 1023
Statutes 1997, Chapters 855 and 882

California Code of Regulations, Title 17
Sections 6020, 6035, 6040, 6055, 6065, 6070, and 6075

Immunization Records – Hepatitis B (98-TC-05)

Los Angeles County Office of Education, Claimant

Background

Statutes 1977, chapter 1176, required persons under 18 years of age to be immunized against poliomyelitis (polio); measles; and diphtheria, pertussis, and tetanus (DPT) prior to unconditional first admission to a public or private elementary or secondary school, child care center, day nursery, nursery school, or development center. The law required school districts to maintain records of immunization of all school age children and report periodically to the state on the immunization status of all new entrants into the schools. On June 20, 1979, the Board of Control (predecessor to the Commission on State Mandates (Commission)) adopted the Statement of Decision for the *Immunization Records* test claim, finding that Statutes 1977, chapter 1176 imposed a reimbursable state-mandated program. On July 28, 1988, the Commission determined that costs incurred for compliance with Statutes 1977, chapter 1176 would be reimbursed through the State Mandates Apportionment System (SMAS), which was enacted by the Legislature to allow certain ongoing state-mandated programs to be funded automatically through the State Budget process, without the need for local governments to file annual claims for those costs with the State Controller.

Summary of the Mandate

The test claim legislation for *Immunization Records: Hepatitis B* added mumps, rubella, and hepatitis B to the list of diseases an entering student must be immunized against prior to first admission into a school. Hepatitis B immunizations were also required for students entering the seventh grade. In addition, the test claim legislation amended statutes and regulations relating to the monitoring, record-keeping, reporting, and parent notification requirements relative to the enforcement of the pupil immunization requirements.

The claimant filed the test claim on August 17, 1998. The Commission adopted the Statement of Decision on August 24, 2000, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004.

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

A. Proof of Immunizations for New Entrants: Kindergarteners and/or Out-of-State Transfers
(Reimbursement period begins: July 1, 1997.)

1. Request and review lawful exemption from, or proof of, immunization against mumps and rubella from each pupil seeking admission to school in the state for the first time. (Health & Saf. Code, §§ 120325, 120335, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)¹
2. Request and review lawful exemption from, or proof of, immunization against hepatitis B from each pupil entering specified institutions in the state for the first time at the kindergarten level after August 1, 1997. (Health & Saf. Code, §§ 120325, 120335, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)

B. Proof of Hepatitis B Immunizations for Students Entering Seventh Grade on or after July 1, 1999 *(Reimbursement Period begins: July 1, 1999.)*

1. Request and review lawful exemption from, or proof of, immunization against hepatitis B from each pupil advancing to the seventh grade on or after July 1, 1999. (Health & Saf. Code, §§ 120325, 120335, subd. (c); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)

C. Conditional Admission of Pupils and Parent Notification Requirements
(Reimbursement Period begins: July 1, 1997.)

1. Conditionally admit any pupil who has not been fully immunized for mumps, rubella, and hepatitis B by notifying parents or guardians of the date by which the pupil must complete the required immunizations. (Health & Saf. Code, §§ 120325, 120340; Cal. Code Regs., tit. 17, § 6035.)
2. Review the immunization record of each pupil admitted conditionally every thirty days until the pupil has been fully immunized. (Health & Saf. Code, §§ 120325, 120375, subd. (a); Cal. Code Regs., tit. 17, § 6070, subd. (e).)

D. Mandatory Pupil Exclusion and Parent Notification Requirements
(Reimbursement Period begins: July 1, 1998.)

1. Notify parents or guardians of the requirement to exclude the pupil from school if written evidence either that the pupil has been properly immunized or qualified for an exemption is not presented within 10 school days after notification. (Ed. Code, § 48216, subd. (b); Health & Saf. Code, § 120325; Cal. Code Regs., tit. 17, § 6040.)

¹ The addition of mumps and rubella to the list of diseases an entering student must be immunized against prior to first admission into a school should create *no incremental workload*, since in California, one vaccine is given for measles, mumps, and rubella (MMR), and measles is part of the original *Immunization Records* Parameters and Guidelines.

2. Refer the parents or guardians to a physician, nurse, or county health department for review of immunization records and provision of required immunizations, or notify them that the immunizations will be administered at a school of the district. (Ed. Code, § 48216, subd. (c); Health & Saf. Code, § 120325; Cal. Code Regs., tit. 17, § 6065, subd. (c).)
3. Exclude pupils from school attendance when written evidence of additional doses is not presented within ten days of parental notification. (Ed. Code, § 48216, subd. (a); Health & Saf. Code, §§ 120325, 120375, subd. (b); Cal. Code Regs., tit. 17, § 6055.)

E. Documentation and Reporting Requirements for Immunizations

(Reimbursement Period begins: July 1, 1997.)

1. Record each pupil's immunization for, or exemption from mumps, rubella, and hepatitis B on an immunization record and maintain the document in each pupil's permanent record. (Health & Saf. Code, §§ 120325, 120335, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, § 6070.)
2. Document additional vaccine doses on the pupil's immunization record as they are administered.² (Health & Saf. Code, §§ 120325, 120375, subd. (a); Cal. Code Regs., tit. 17, § 6070.)
3. Collect data and prepare reports annually on immunization status for the Department of Health Services. (Health & Saf. Code, §§ 120325, 120375, subd. (c); Cal. Code Regs., tit. 17, § 6075.)
4. Prepare follow-up or additional reports upon request by county health departments and the state. (Health & Saf. Code, §§ 120325, 120375, subd. (c); Cal. Code Regs., tit. 17, § 6075.)

Uniform Cost Allowances

The Commission adopted uniform cost allowances for this program pursuant to Government Code section 17557. The uniform cost allowances shall be adjusted by the Implicit Price Deflator (IPD) referenced in Government Code section 17523 each fiscal year subsequent to 2002-2003.

New Entrants

Activities that are reimbursable under the uniform cost allowance for "New Entrants" are as follows:

- Sections A, C, and E above are new activities for the hepatitis B immunization.
- Section D above are new activities for the DPT, polio, MMR, and hepatitis B immunizations.

Reimbursement is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the number of "New Entrants." A "New Entrant" includes kindergarteners and out-of-state transfers.

² This activity is only for *documenting* additional vaccine doses on the pupil's immunization record. The test claim legislation does not mandate school districts to administer vaccines.

Table 1. Uniform Cost Allowance for New Entrants

Fiscal Year	Uniform Cost Allowance
1997-1998	\$ 2.12
1998-1999	\$ 5.87
1999-2000	\$ 6.14
2000-2001	\$ 6.38
2001-2002	\$ 6.48
2002-2003	\$ 6.59

Seventh Grade Pupils

Activities that are reimbursable under the uniform cost allowance for "Seventh Grade Pupils" are as follows:

- Sections B, C, D, and E above are new activities for the hepatitis B immunization.

Reimbursement is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the number of "Seventh Grade Pupils." A "Seventh Grade Pupil" is any pupil advancing to the seventh grade, other than "New Entrants."

Table 2. Uniform Cost Allowance for Seventh Grade Pupils

Fiscal Year	Uniform Cost Allowance
1999-2000	\$ 3.23
2000-2001	\$ 3.36
2001-2002	\$ 3.41
2002-2003	\$ 3.47

Statewide Cost Estimate

Recommendations from the Bureau of State Audits

On October 15, 2003, the Bureau of State Audits (BSA) issued an audit report on two mandated programs and the mandates process. The BSA issued one recommendation regarding the development of statewide cost estimates, stating:

To project more accurate statewide cost estimates, the Commission staff should more carefully analyze the completeness of the initial claims data they use to develop the estimates and adjust the estimates accordingly. Additionally, when reporting to the Legislature, the Commission should disclose the incomplete nature of the initial claims data it uses to develop the estimates.

Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of the program and to implement the BSA's recommendation. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on 2,694 actual claims filed by school districts for

fiscal years 1997-1998 through 2002-2003.³ The claiming data is accurate, although unaudited.

- The actual amount claimed will increase when late or amended claims are filed, and could exceed the statewide cost estimate. For this program, late claims may be filed until February 2005.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

1997-2003 Costs

The proposed statewide cost estimate for fiscal years 1997-1998 through 2002-2003 is based on 2,694 unaudited, actual reimbursement claims.

2003-2005 Projected Costs

A. Estimated Uniform Cost Allowances

1. New Entrants

For fiscal years 2003-2004 and 2004-2005, the uniform cost allowance for new entrants was adjusted by the IPD, as forecast by DOF.

**Table 3. Estimated Uniform Cost Allowances
for New Entrants**

Fiscal Year	Uniform Cost Allowance
2003-2004 (IPD = 2.3%)	\$6.74
2004-2005 (IPD = 2.9%)	\$6.94

2. Seventh Grade Pupils

For fiscal year 2003-2004, the uniform cost allowance for seventh grade pupils was adjusted by the IPD, as forecast by DOF. However, beginning with the 2004-2005 school year, only five of the ten activities remain necessary for seventh grade pupils because kindergarteners beginning in the 1997-1998 school year will become seventh graders by the 2004-2005 school year. Thus, their immunization records would have already been reviewed for hepatitis B.

Therefore, the uniform cost allowance for fiscal year 2004-2005 was calculated as follows:

Uniform Cost Allowance = (cost per activity per immunization) x (5), where

“cost per activity per immunization” equals the *Immunization Records* SMAS Rate for the appropriate fiscal year (estimated at \$5.48 for fiscal year 2004-2005) divided by the number of required activities (15), and “5” equals the

³ Claims data reported by the SCO as of March 19, 2004.

number of activities required to be performed for seventh-grade pupils beginning with the 2004-2005 school year.

Table 4. Estimated Uniform Cost Allowances for Seventh Grade Pupils

Fiscal Year	Uniform Cost Allowance
2003-2004 (IPD = 2.3%)	\$3.55
2004-2005	\$1.83

B. Projected Costs

Cost estimates for fiscal years 2003-2004 and 2004-2005 were projected using kindergarten and seventh grade enrollment data from the California Department of Education's (CDE) Dataquest web site.

This mandate applies to new entrants and seventh grade pupils. New entrants are defined as kindergarteners and out-of-state transfers. However, this proposed statewide cost estimate does not include projections for out-of-state transfers because according to the CDE's Educational Demographics Office, data is not collected for interstate transfers. Therefore, based only on kindergarten and seventh grade enrollment data, staff calculated enrollment figures for school years 2003-2004 and 2004-2005. The average percent change in enrollment for the 1996-1997 through 2002-2003 school years was -0.5 percent for kindergartners and 3.1 percent for seventh graders.⁴ Using these percentages, the following enrollment figures were estimated:

Table 5. Projected Enrollment Figures

School Year	Kindergarten	Seventh Grade
2003-2004	454,655	515,642
2004-2005	452,382	531,627

Costs were estimated by multiplying the projected enrollment figures above with the appropriate uniform cost allowance, as shown below.

Table 6. Estimated Costs for Kindergarteners for Fiscal Years 2003-2004 and 2004-2005

Fiscal Year	Projected Enrollment (a)	Estimated Uniform Cost Allowance (b)	Estimated Costs (c) = (a) * (b)
2003-2004	454,655	\$6.74	\$3,064,374.70
2004-2005	452,382	\$6.94	\$3,139,531.08

⁴ The 1996-1997 school year was used as the base since California's kindergarten through third grade Class Size Reduction program was established in 1996.

**Table 7. Estimated Costs for Seventh Grade Pupils
for Fiscal Years 2003-2004 and 2004-2005**

Fiscal Year	Projected Enrollment (a)	Estimated Uniform Cost Allowance (b)	Estimated Costs (c) = (a) * (b)
2003-2004	515,642	\$3.55	\$1,830,529.10
2004-2005	531,627	\$1.82	\$967,561.14

Table 8. Estimated Costs by Fiscal Year

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1997-1998	255	\$ 865,702
1998-1999	420	2,569,432
1999-2000	495	3,993,373
2000-2001	502	4,260,155
2001-2002	505	4,389,280
2002-2003	517	4,549,132
2003-2004 (est.)	N/A	4,894,904
2004-2005 (est.)	N/A	4,107,092
Total		\$ 29,629,070

The proposed statewide cost estimate includes eight fiscal years for a total of \$29,629,070. This averages to \$3,703,634 in annual costs to the state.

STATEWIDE COST ESTIMATE

Statutes of 1980, Chapter 1192

Statutes of 1994, Chapter 1186

Education Code Sections 35704, 35705.5, and 35707

School District Reorganization (98-TC-24)

San Luis Obispo County Office of Education, Claimant

Background and Summary of the Mandate

On October 24, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Education Code sections 35704, 35705.5, and 35707 impose new activities upon county offices of education. The Commission further found that these activities represent new programs or higher levels of service for county offices of education within the meaning of article XIII B, section 6 of the California Constitution and impose costs mandated by the state pursuant to Government Code section 17514 for certain activities related to school district reorganizations initiated by voters, landowners or district governing boards.

The claimant, San Luis Obispo County Office of Education, filed the test claim on June 30, 1999. The Commission adopted the Statement of Decision on October 24, 2002, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004. The Commission uses these initial claims to develop the statewide cost estimate.

Discussion

Reimbursable Activities

The Commission approved this test claim for the following activities:

- A. Petition transmittal: pursuant to Education Code sections 35704 and 35707, subdivision (b), that require the county superintendent to transmit a reorganization petition to the county committee and State Board of Education (State Board). This requirement varies depending on the type of reorganization action because only the new activity, not required under the former codes, constitutes the higher level of service. The new activities are:
 1. for new district formation, transmittal to the county committee;
 2. for consolidation, i.e., formation of a new elementary, high school, community college or unified district by combining districts of the same kind, transmittal to both the State Board and a county committee;
 3. for formation of a consolidated high school district, transmittal to the State Board;
 4. for annexation, transmittal to the county committee and State Board;
 5. for transfers of component elementary districts to high school districts, or component high school districts to community college districts, transmittal to the county committee;
 6. for transfers of territory, transmittal to the State Board; and
 7. for dissolutions of districts, transmittal to both the county committee and State Board.

- B. Petition description: pursuant to Education Code section 35705.5, subdivision (b), that requires county committees and superintendents to make the petition description, as specified, available to the public and the school district governing boards affected by the petition.
- C. Committee report: pursuant to Education Code section 35707, subdivision (a), that requires a report by the county committee to include specified items.

Statewide Cost Estimate

Only county superintendents of schools or county offices of education participating in school district reorganizations initiated by voters or property owners (but not for those initiated by school district governing boards) are eligible to claim reimbursement. Costs incurred on or after July 1, 1997 for compliance with the mandate are reimbursable. At this time, no reimbursement claims have been filed for this program.

Under the existing mandates process, the amount of a statewide cost estimate is reported to the Legislature and introduced in a local government claims bill. Once the local government claims bill appropriates funds for the initial reimbursement period, the program's annual statewide estimated costs are placed in the State Budget. Since there are no claims on which to base this statewide cost estimate, the Commission adopted a statewide cost estimate of **\$1,000** for this program. Adopting this statewide cost estimate will initiate the process for informing the Legislature of the costs of the program and identifying the program in the State Budget. However, if reimbursement claims were filed on this program, the amount appropriated in the State Budget to fund this program would be deficient.

Assumptions

The Commission made the following assumptions when adopted this statewide cost estimate:

- If this program were implemented, the actual amount claimed would exceed the statewide cost estimate because there would only be \$1,000 appropriated in the State Budget to fund the program.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.